

HERALD TRIBUNE

15 September 1953

Probe Sifts What Happens To Charities' \$500,000,000

A joint committee of the New York State Legislature began its investigation here yesterday of what happens to more than \$500,000,000 contributed annually by the people of the state to charitable organizations.

The chairman of the committee, Sen. Bernard Tompkins, R., Queens, announced that the committee, officially known as the New York State Joint Legislative Committee on Charitable and Philanthropic Agencies and Organizations, had sent questionnaires to 1,100 charitable groups throughout the state.

This, he explained at his headquarters at 165 Broadway, was only the initial step in the inquiry. Full-scale public hearings will be held in this city and other parts of the state in the latter part of November, he said.

Sen. Tompkins said that he and Assemblyman Samuel Rabin, R., Queens, vice-chairman of the committee, were prompted to ask for the investigation by disclosures that in many fund drives, though millions of dollars were collected, only a small proportion, if any, of the money went to the institutions for which they were supposedly intended. The bulk of the money in these cases, he said, went to professional fund raisers and "administrative costs."

"We already have information," added the State Senator, "indicating gross irregularities, maladministration and selfish disposition of funds collected by some of these spurious charity organizations."

He cited one case in which an organization had collected \$650,000 from the public last year and announced it had spent \$652,000 for collection costs and administrative purposes.

In another case, he said, \$900,000 had been collected last year, of which only \$88,000 was left for charitable purposes. In a third case, the organization had collected \$100,000 from the public

last year but had spent all but \$7,000 for collection costs and administration.

"At the present time," added the committee chairman, "there is no law, Federal, state or municipal, which requires these organizations to account to any agency for the disposition of their funds. It is not surprising that fakers and frauds have invaded the field, imposing upon the public and devoting a large part or most of the collections to their personal use. In the mean time, too, they are diverting large sums from worthy and legitimate charities."

Sen. Tompkins said it was his opinion that all charity organizations, with certain exceptions, "should be under some kind of state control to assure honesty and efficiency, and to protect the public and the legitimate charity groups."

He said that the committee's report, to be made to the incoming legislature in January, will undoubtedly contain recommendations for such state supervision.

Omits Religious Groups

The investigation, explained the Senator, will not involve charities sponsored by legitimate religious organizations. He emphasized that the inquiry and possible state control "should encourage more generous giving, the public being assured that their contribution will all go for charitable purposes."

The questionnaire, it was explained, requires names of officers, paid or not, whether outside agencies are employed for fund raising and what percentage of funds collected are retained by them. If private solicitors are employed, organizations are required to tell how much they are paid.

A complete report on gross income and disbursements also is asked. "Those who do not answer fully," said the Senator, "will be subpoenaed to appear before our hearings and will be required to answer the questions in public."